

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7651**

**BILL NUMBER:** HB 1556

**DATE PREPARED:** Jan 4, 2001

**BILL AMENDED:**

**SUBJECT:** Disabled from Trade Compensation.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill creates disabled from trade compensation benefits. It provides that an employee who: (1) has an injury that results in a temporary total disability or a temporary partial impairment; and (2) is capable of performing work with permanent limitations or restrictions that prevent the employee from returning to the position the employee held before the employee's injury may receive compensation for the difference in average weekly earnings lost. The bill also limits disabled from trade compensation to 52 consecutive weeks or 78 aggregate weeks. It provides a cap of \$762 per week for disabled from trade compensation. It also makes a conforming amendment.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** The bill establishes the disabled from trade compensation benefits. Under this proposal, if an employee sustains an injury resulting in temporary total disability or permanent partial impairment but is able to return to work at a lower-paying position, the employee may be compensated for the difference between his/her former and current wages. Disabled from trade compensation would be available in addition to any other compensation awarded for such injuries. The actual amount compensated would be based on the employee's average weekly earnings and would be capped at \$762 per week. Eligibility for disabled from trade compensation is limited to 52 consecutive weeks or 78 aggregate weeks.

The exact impact of this provision is difficult to determine. The Worker's Compensation Board does not collect information concerning the number of workers that cannot return to work at their original position. However, as the majority of workplace injuries would not prevent an employee from returning to his/her previous position, it is unlikely that the additional costs resulting from this proposal would represent a significant increase in worker's compensation payments. This provision could also reduce worker's compensation payments if employees return to work sooner and the disabled from trade compensation benefits are less than temporary total disability benefits.

The state is impacted as an employer. The state spent about \$3.9 M on worker's compensation payments for FY 2000.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local governments and school corporations could incur an indeterminable increase in expenses as a result of this proposal (See Explanation of State Expenditures, above.). Like the state, most of these units are self-insured and would directly bear any additional costs related to disabled from trade compensation benefits. For any entities purchasing private worker's compensation insurance, the cost of insurance premiums would likely increase as a result of this proposal.

**Explanation of Local Revenues:**

**State Agencies Affected:** Worker's Compensation Board, All Agencies.

**Local Agencies Affected:** All.

**Information Sources:** Mike McNally, Worker's Compensation Board, (317) 232-3809.